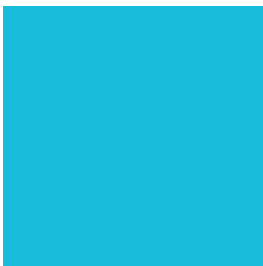# Volume I - Best and Final Offer Technical Proposal

Healthy and Well Kids in Iowa *(hawk-i)* Program

RFP-FHWS-08-17 Redacted

NORIDIAN ®
Administrative Services LLC

901 40th Street South, Suite 1
Fargo, North Dakota 58103-2146

Jay Martinson
Executive Vice President
and Chief Operations Officer
901 40th St. S., Suite 1
Fargo, ND 58103-2146
701-282-1439
FAX: 701-282-1439, Press 4
jay.martinson@noridian.com

March 20, 2008

Mr. Jon Neiderbach, Issuing Officer
Iowa Department of Human Services
Division of Financial, Health and Work Supports
1305 E. Walnut, 5th Floor
Des Moines, Iowa 50319-0114

RE: Transmittal Letter – Best and Final Offer - Administrative Services for the Healthy and Well Kids in Iowa (*hawk-i*) Program, RFP # FHWS-08-17

Dear Mr. Neiderbach:

Noridian Administrative Services, LLC (Noridian) is submitting a best and final offer (BAFO) for the Request for Proposal (RFP) for Administrative Services for the Healthy and Well Kids in Iowa (*hawk-i*) program, RFP # FHWS-08-17. This BAFO responds to questions received on March 14, 2008, provides replacement pages for our Technical and Cost Proposals submitted on February 8, 2008, and requests confidential treatment of certain proposal information.
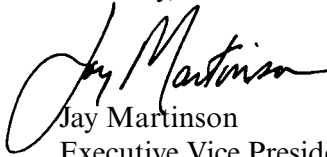
We have included the following in this BAFO:

- Response to Evaluation Criteria from Section 5.4.2 of the RFP for Service Requirements and Personnel
- Response to outstanding questions from the Oral Presentation
- Replacement pages to Volume I: Technical Proposal (including one redacted copy)
    - We have modified our Technical Proposal to reflect a change to our Project Manager. Due to unforeseen circumstances, Missy Eilander will not be available to fulfill this role. We have selected Ms. Sandy Aas, whom you met at the oral presentation, as Missy's replacement and have included Sandy's resume for your review.
- Full replacement copy of our Cost Proposal (including one redacted copy)
    - The only changes are to Attachment 12; Attachment 12 of the Cost Proposal reflects the following reductions to Noridian's cost proposal:
        - Implementation costs were reduced approximately nine percent (9%)
        - Operations costs were reduced approximately seven percent (7%)
        - The Change Service Rate was reduced an average of approximately sixteen percent (16%)
        - The Per-Member/Per-Month Rate was reduced an average of approximately twenty-three percent (23%)

As allowed by the RFP, we request confidential treatment of information in this BAFO. Noridian has included its Statement of Confidentiality on page three of this letter. Noridian Vice President General Counsel Greg Gullickson, whose contact information follows, is authorized to respond to the Iowa Department of Human Services about the confidential nature of the information.

Greg Gullickson, Noridian VP General Counsel
Noridian Administrative Services, LLC
901 40th Street South Suite 1
Fargo, ND 58103
Phone Number: (701) 282-1375
E-mail Address: Greg.Gullickson@noridian.com

Sincerely,

Jay Martinson
Executive Vice President and Chief Operating Officer

Statement of Confidentiality

Noridian Administrative Services, LLC makes this Statement of Confidentiality pursuant to Section 2.20 (Public Records and Request for Confidential Treatment) of the Iowa Department of Human Services Request for Proposal.

This Statement of Confidentiality is a part of, and refers to, all chapters of this proposal submitted by Noridian to the Iowa Department of Human Services in response to its Request for Proposal, RFP # FHWS-08-17. Many individual pages within this proposal contain confidential information or documents that are exempt from public disclosure under Iowa law pursuant to Iowa Code § 22.7 (3) and Iowa Code Chapter 22.7 (6). The pages containing confidential information in this proposal are exempt from disclosure to the public due to the trade secrets and proprietary and confidential information contained within. This exempt, confidential information has significant independent economic value, both actual and potential, from not being generally known and not being readily ascertainable by proper means by other persons who could obtain economic value from its disclosure or use. Furthermore, the exempt information has been and continues to be the subject of efforts that are reasonable under the circumstances to maintain the secrecy of the exempt, confidential information. Confidential information in this proposal, if released, would give advantage to competitors and serve no public purpose. Only those pages containing exempt information are claimed as exempt from public disclosure. A redacted copy of this proposal has been submitted to the Iowa Department of Human Services along with the full proposal. The following notice is included in the footer of the proposal pages that contain exempt information.

"**Proprietary and Confidential.** This page contains information that is proprietary, confidential, and/or a trade secret exempt from disclosure to the public under State law. Disclosure or use of this page or information in this page is not permitted without prior written consent of Noridian Administrative Services, LLC."

Service Requirements

How well does the bidder's eligibility system meet the requirements?

Team Noridian's solution for the Healthy and Well Kids in Iowa (*hawk-i*) eligibility system will exceed the Iowa Department of Human Services (Department) requirements for this contract. The Q/Care system is a powerful, rules-based system with intuitive and user-friendly web interfaces to enable Team Noridian efficient customer service focused administration of the *hawk-i* program. Q/Care coupled with the advanced workflow capabilities provided by OnBase will provide a stable platform to grow with the needs of the *hawk-i* program. Q/Care is a robust commercial-off-the-shelf (COTS) product that is used in a number of health business models, including more than 150 customers using Q/Care for enrollment and financial processing.

The figure below lists the Q/Care features that correspond to the Department's eligibility system requirements.

Requirements	Proposal References	Q/Care Feature
Inbound and Outbound Calls	4A-13	The Communications Log tracks all activities made via telephone including both incoming and outgoing calls.
Date of Receipt	4B-3	Q/Care maintains the date of receipt on all incoming documents.
Tracking Applications	4B-5	Unique reason codes define the status of each individual application, which could include pending waiting a letter, referral to the Department or denied enrollment.
Tracking Applications	4B-4	The Member Subsystem contains date of receipt, name of applicant, case number, a unique identifier number for each individual, date referred to Medicaid and date received back.
Correspondence Generation	4B-10	The Correspondence Subsystem generates applicable outgoing correspondence to the applicant, as well as surveys.
Correspondence Generation	4B-10	If the first letter is not received within the time period indicated, the system will generate a second letter.
Detect Duplication	4B-5	Within the Member Subsystem, more than 300 edits, which include a check for possible duplicate applications, assure *hawk-i* program policies are applied accurately and consistently.
Notice of Decisions	4B-12	Q/Care generates notices of decisions based on the reason codes used in the Member Subsystem.
Electronic Notification to the Health and Dental Plans	4B-13	Q/Care has all the data elements needed to generate Health Insurance Portability and Accountability Act (HIPAA) compliant 834 transactions.

Requirements	Proposal References	Q/Care Feature
Daily and Quarterly Insurance Files	4B-10, 4B-14	Q/Care is capable of generating daily and quarterly files and conducts similar processes for current customers.
Annual Renewal of Eligibility	4B-16	Q/Care is set up to run a regularly scheduled job to meet the renewal requirements; and start a notification process to enrollees.
Monthly PERM File	4B-17	Q/Care has a variety of ways to monitor and report performance and will be able to compile a monthly report for the Department.
hawk-i Enrollment File	4B-14	Q/Care is capable of creating an enrollment file based on the schedule of the Department or its' designee.
Premium Collection and Accounting	4C-2 and 4C-3	Q/Care tracks, records and reconciles payments made to the Third Party Administrator (TPA). It also offers online, real-time enrollment and eligibility determinations, accounting (including all checking account balances and refunds), premium billing, and reconciliation.
Financial Reporting	4C-6	Q/Care maintains state bank accounts in the General Ledger (G/L) System, which automatically reconciles entries within these accounts.
Monthly Financial Statements	4C-6, 4G-11	Q/Care offers a variety of financial reports to assist in the submission of a monthly statement to the Department.
Capitation Determination	4C-7	Q/Care tracks the assignment of each enrollee to a capitated plan. The process computes the payment amount while taking into consideration any retroactive changes to rates.
Capitation Determination	4C-7	Q/Care generates reports on the last day of the month - either electronically or via paper.
Capitation Determination	4C-7	Q/Care is HIPAA complaint and already sends data in the 820 and the associated 997 format over secured lines.
Notice of Appeal Rights	4D-2	Q/Care generates correspondence and has the capability of including language regarding Rights to Appeals.
Report Generation	4I-1 through 4I-6	Q/Care maintains a repository of standard reports which can be easily updated and scheduled to meet the Department requirements.

Figure 1: The Q|Care Features Correspond to the Department's Eligibility System

Figure 2 specifies the processing steps we will use to determine eligibility using Q/Care and our efficiency-enabling workflow application, OnBase.
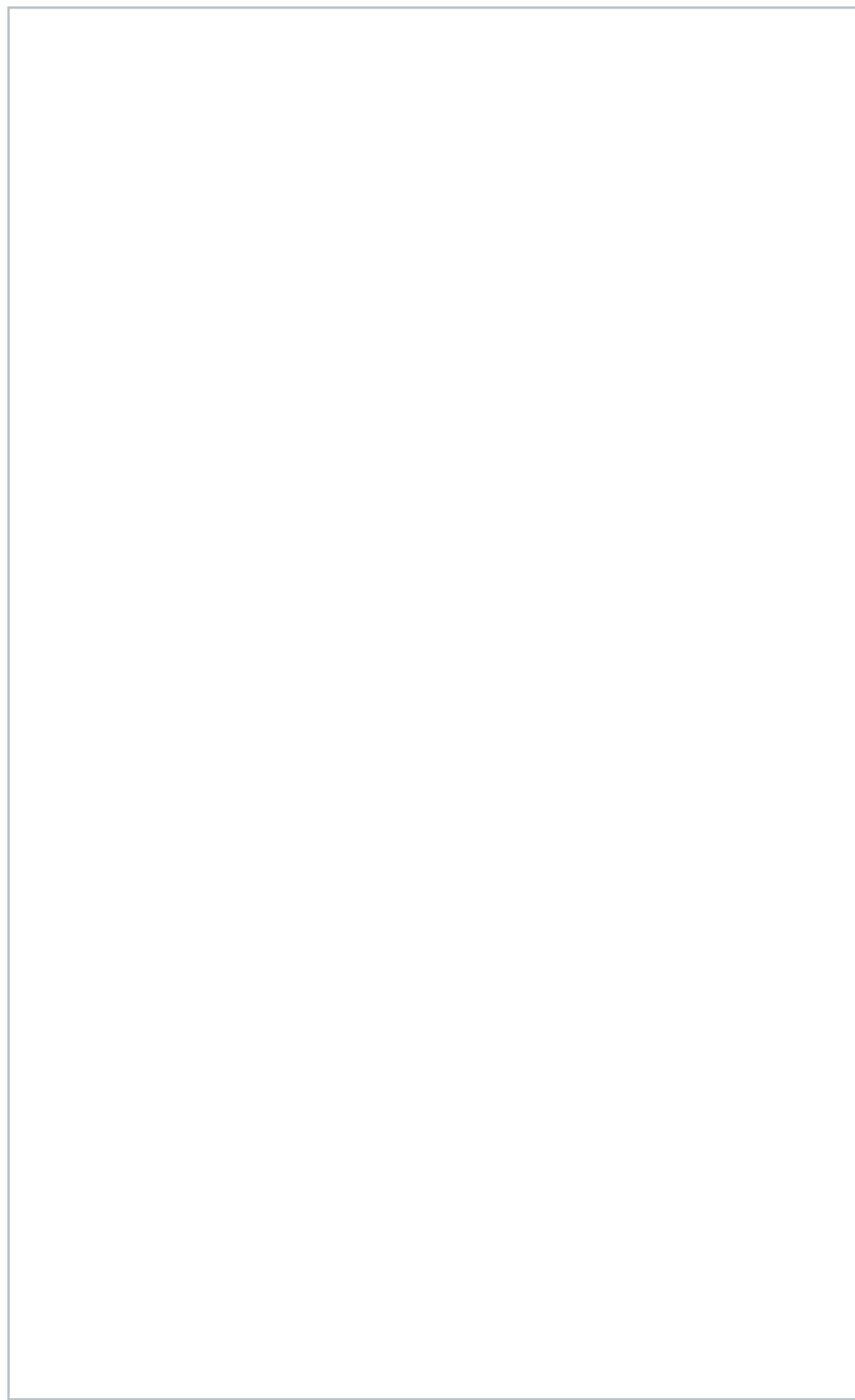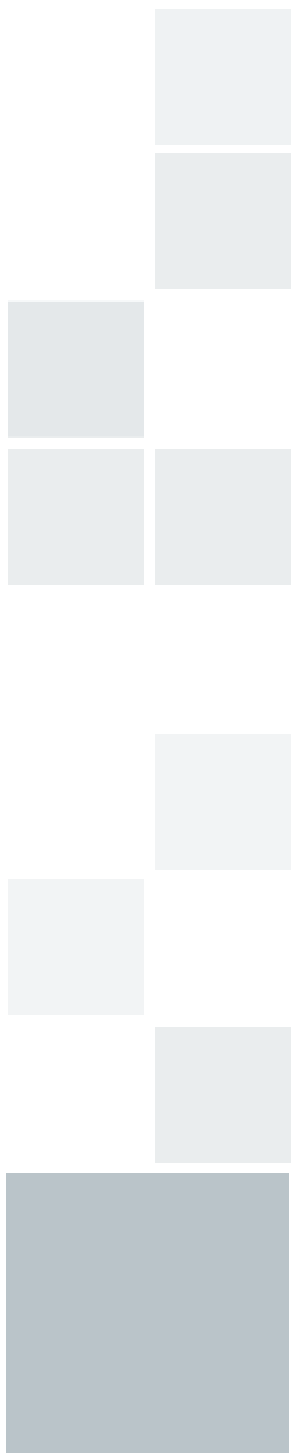
How well has the bidder described their financial capability to undertake and fulfill the service requirements?

Noridian Administrative Services, LLC (Noridian) has various options at its disposal to ensure its financial capability for undertaking and fulfilling the service requirements of the Third-Party-Administrator (TPA) for the *hawk-i* program. For example, Noridian has a strong working capital position and a multi-million dollar line-of credit through State Bank and Trust of Fargo, North Dakota. If necessary, Noridian can tap its parent company's extensive resources and reserves to support cash flow needs. Additionally, Noridian has obtained non-collateralized bonding for multiple years in support of its our other contracts with the State of Iowa, confirming Noridian's depth and breadth to undertake and fulfill the service requirements of this contract.

Noridian's subcontractor, Infocrossing Healthcare Services, Inc. (Infocrossing), is part of a multi-billion dollar corporation with more than 150 corporate health plan customers. As a result, Infocrossing also has a strong working capital position and is capable of easily undertaking and fulfilling, from a financial standpoint, the service requirements of the *hawk-i* program's TPA.

How well does the bidder describe how they will produce reports timely and ensure accuracy of the reports?

As indicated in our proposal, we have guidelines, processes, procedures, and stringent testing practices in place that will ensure the accuracy and timely delivery of reports. The table below provides additional detail on these processes.

Requirements	Proposal References	Further Clarification
Ensure accuracy of the reports	3L.1 through 3L.31	During the Transition Phase, Team Noridian will work with the Department to examine all of the incumbent's current reports, all of the standard reports in the Q/Care system, and all OnBase reports. We will make modifications as needed to these reports and, where appropriate, we will include additional report total fields. We can use these report total fields to determine the accuracy of the report either by comparing the different totals on the report or by cross-footing the totals with information from related reports.
		We will subject all reports to rigorous unit, system, integration, and user acceptance testing. We will thoroughly analyze each report using print-outs of the raw data used to produce each respective report. Throughout all of these test phases, the reports, along with the data that went into the report, will be provided to the Department. Any problems noted will be corrected and the reports will be re-produced until we receive final Department approval.

Requirements	Proposal References	Further Clarification
	3J.1, 3.J.3	On an ongoing basis, as part of our Quality Management Plan, Team Noridian will regularly review all work processes and deliverables (including reports) to ensure continued accuracy. Report reviews will be both scheduled and random. In addition, the examination of reports will be a routine part of our internal and external audit programs. When system changes occur, Team Noridian will subject all affected reports to the test cycles noted above and will perform the same detailed checks to ensure the accuracy of the information.
Ensure Timeliness of Reports	3L.1 through 3.L.31	During the Transition Phase, Team Noridian will work with the Department to determine the schedule for all regular reports. Each report process will be incorporated into our automated system scheduling tools (such as Computer Associates' Execution Scheduling Processor) once we have the following information: • Reporting deadlines • Reporting frequency • Location of report template • Location of report documentation • System used to extract data for the report • Sign-off procedure • Submission method • Entity that needs to receive the report We will follow the same process for any new reports that are added during the Operations Phase. Any requests for ad hoc reports will be delivered on a schedule agreed to by the Department.
	3.J.1, 3J.3	Team Noridian will continually monitor all technical systems for adherence to timeliness criteria as part of its Quality Management Plan. We will develop a Systems Operations Plan and in that plan, we will gather and document all performance measures which will include the scheduled production of reports. This schedule will be monitored through normal quality management activities including process reviews and audits.

Figure 3: Team Noridian's Quality Management Practices Ensure Accurate and Timely Delivery of Reports

Has the bidder provided sample reports, are they easy to read and understand?
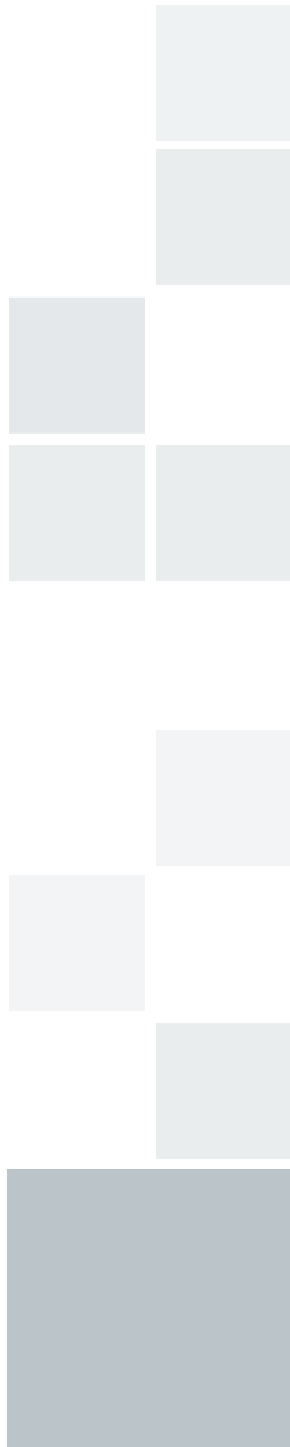
On the following pages we have provided sample reports from the Q/Care system. During the Requirements Analysis and Verification, Data Conversion, and System Design tasks, Team Noridian will meet with the Department to fully describe and design all of the required pre-defined reports. We will ask the Department to supply copies of the incumbent's reports, along with a description of the data source for each report, as a starting point. Then with the Department's input, we will make any changes, additions, or deletions from the original layouts to produce acceptable new formats.

During the above tasks, Team Noridian will also produce the pre-defined reports currently generated by the OnBase and Q/Care systems, such as

those attached, and work with the Department to make any necessary changes to formats and/or data elements.

During the Construction and Unit Test task, Team Noridian will thoroughly test each report and provide results to the Department on a regular basis. We will make any modifications needed and continue this practice through the System and Integration and User Acceptance Test tasks. During the System and Integration and User Acceptance Test tasks, Team Noridian will exercise the system thoroughly to run through multiple cycles of data and produce the necessary daily, weekly, monthly, and quarterly reports.

This process will continue during the Operations Phase as new standard reports are added or existing reports are changed.

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ADVANTAGE

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Personnel

Do key personnel assigned to the project have experience on similar projects?

Our key personnel have a great deal of experience in the implementation and operation of new lines of business. Ms. Sandy Aas, our Project Manager, has been involved in four major Medicare and Medicaid transitions with the most recent one being the Iowa Medicaid Enterprise (IME) transition. As the Core contractor for the IME, Noridian selected Ms. Aas as one of its two Operations Managers. In this role, Ms. Aas was responsible for learning the Iowa Medicaid program and a new claims processing system, hiring and training a new staff, developing processing manuals, setting up a new office, and managing the project plan. She also was the lead for developing a working relationship with the other eight companies chosen as "Best of Breed" contractors for other facets of the IME operations.

Mr. Richard Chamberlin, our Systems Manager, has also been involved in four major Medicare and Medicaid transition initiatives with the most recent also being the IME. Throughout these transition efforts, he has repeatedly demonstrated the technical expertise, management skills and leadership qualities needed to implement assigned projects within transition deadlines and budget constraints. His current responsibility of administering and maintaining the OnBase application for the IME program will be invaluable during the transition since it is also the proposed Electronic Document Management System solution for *hawk-i*.

For the *hawk-i* contract, Ms. Aas and Mr. Chamberlin already have a commitment from our parent company's State Children's Health Insurance Program (SCHIP), which has been performing the same functions and providing the same services as sought by this RFP for the past 18 years. For the State of North Dakota, Noridian determines eligibility and when appropriate, enrolls applicants into the Caring for Children Program when those applicants are not eligible for Medicaid or SCHIP in the State of North Dakota. Our parent company will offer full training support during the transition process and as needed during the Operations Phase. We are confident in Ms. Aas and Mr. Chamberlin's abilities to add any valuable SCHIP administration skills to their extensive healthcare processing knowledge base.

Ms. Aas and Mr. Chamberlin also plan on using the full potential of the partnership arrangement with our teaming partner, Infocrossing, during the *hawk-i* transition and ongoing operations. Infocrossing has decades of experience in managing large mission critical systems along with providing Medicaid Fiscal Agent services including the State of Missouri's MC+ for Kids program.

We believe we have assembled an excellent team. Our key personnel know how and what we need to accomplish to ensure a successful transition of the *hawk-i* program. They know how to use the administration and

technical experience and capabilities of our parent company and our subcontractor to accomplish the transition with minimal risk. During the transition, a primary focus of our key personnel is to gain the confidence of the Department so they have an assurance that the Noridian Team will efficiently and effectively manage the *hawk-i* program once we are operational.

Response to Outstanding Questions from the Oral Presentation

Please explain the $7 million cash contribution that is indicated in your financial report. Explain the relationship between Noridian Mutual and Noridian Administrative Services. In that Noridian Administrative Services is a LLC, who are the principals?

Noridian Administrative Services, LLC is a limited liability company whose sole, or principal member is Noridian Mutual Insurance Company (i.e., it's wholly owned by Noridian Mutual Insurance Company). Noridian Administrative Services, LLC was previously a line-of-business of Noridian Mutual Insurance Company. The $7,100,000 item in the 2005 financial statement under section "FINANCING ACTIVITIES: CONTRIBUTIONS" represents capital investment from Noridian Mutual Insurance Company to Noridian Administrative Services, LLC.

The following diagram shows Noridian's organizational structure.
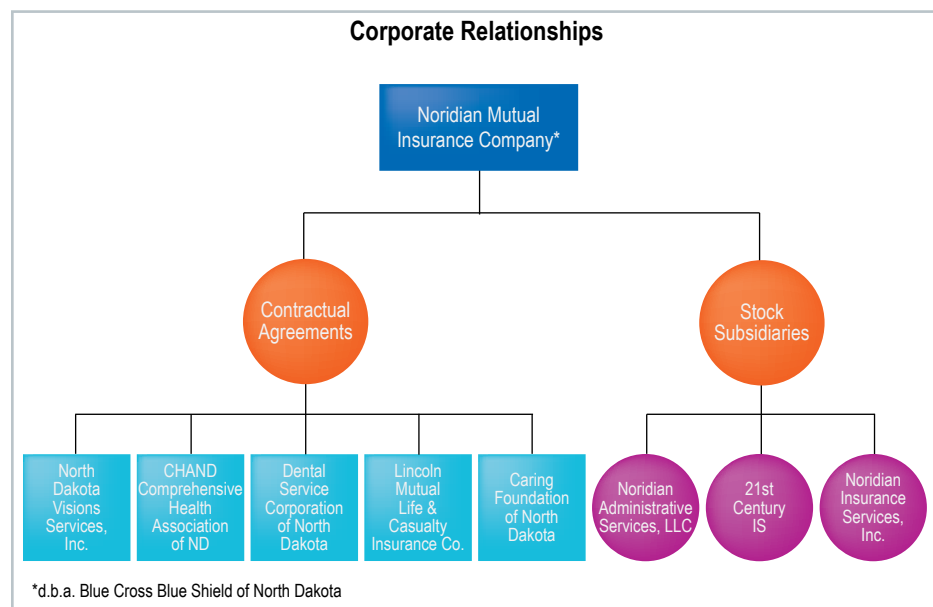
*Figure 4: Noridian's Corporate Organizational Chart*

Please provide sample reports. The reports included in the proposal were hard to read.

We provided new report samples on the pages above.

Will the bidder make raw enrollment data available to the Department on a monthly basis pursuant to section 3G.1.F of the RFP at no additional charge? If not, define how charges would be calculated.

There is no additional charge for the *hawk-i* enrollment data. This information belongs to the Department and Team Noridian will provide this data on a monthly basis.
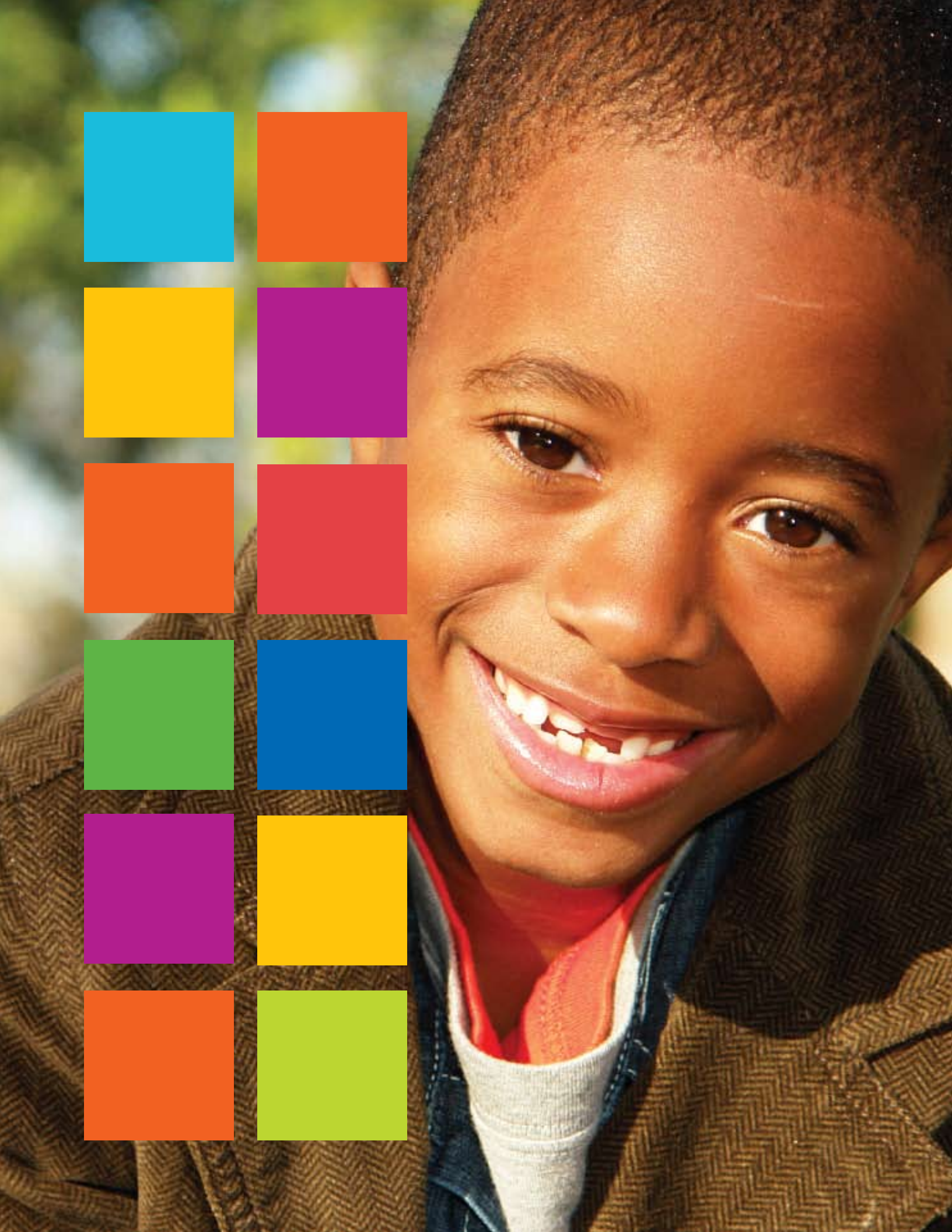
and will be highly regarded by the Department. We will use these resources to analyze performance and provide ongoing training as needed to improve the quality and quantity of work performed.
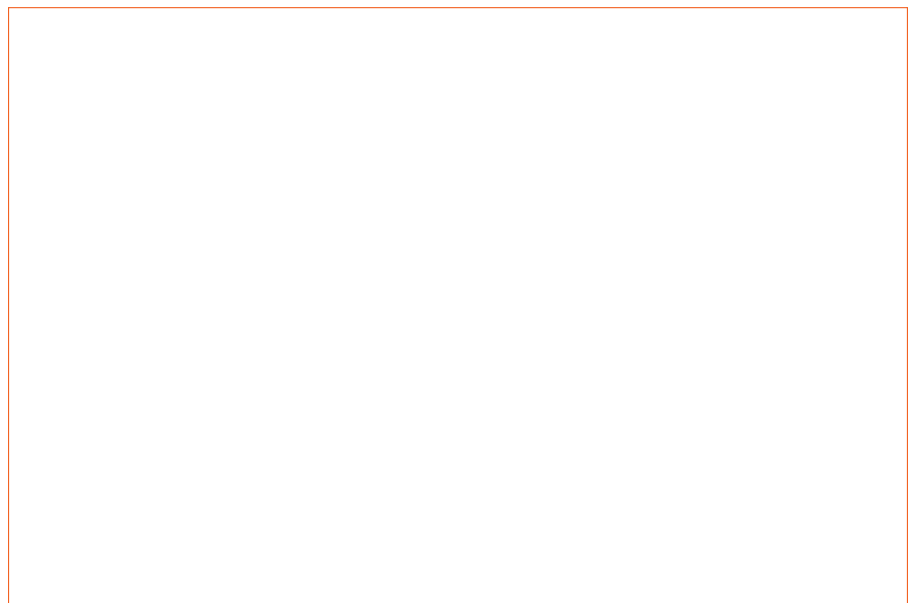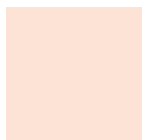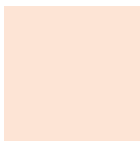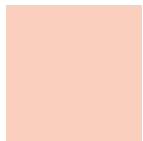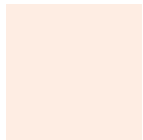
Team Noridian has Selected Experienced and Dedicated Staff to Meet the Staffing Requirements

■ *Requirement 3A.2 – Staffing Requirements. The TPA shall employ and train a sufficient number of staff, including management, supervisory, quality assurance and support personnel, to maintain on-site customer service center operation, consistent with the requirements of this RFP. Customer service center staff shall have adequate work experience and expertise to perform all contract requirements. Customer service center staff shall include at least one supervisor who is responsible for overseeing the functions of the customer service center.*

The proposal shall include a table of organization that names the project manager and identifies how the bidder proposes to structure the functions of the TPA and the number of staff that will be needed to perform each function. For example, the proposal shall clearly identify whether the personnel responsible for making eligibility determinations will also be responsible for call center activity (inbound and outbound calls, etc.). An updated table of organization shall be provided to the Department on a monthly basis identifying any staffing changes within that month. ■

Table of Organization

**Customer
Service**

Other Requirements

Noridian Administrative Services, LLC (Noridian) and Infocrossing Healthcare Services, Inc. (Infocrossing), our subcontractor in the Team Noridian arrangement, both administer contracts that require management of key personnel, media contacts, meetings, office space and equipment, the Health Insurance Portability and Accountablity Act, application processes like the Healthy and Well Kids in Iowa's *(hawk-i's)* free and reduced meals program, error rate testing similar to *hawk-i*'s payment error rate measurement, security disaster recovery and contingency plans, and systems and data security plans. Together as Team Noridian, we are prepared to connect our experience in these areas to the Iowa Department of Human Services' (Department's) specific needs for *hawk-i*, ensuring a responsive, perceptive management of administrative functions that places no obstacles in the way of a smooth transition.

Our Key Personnel and Staffing Approach Minimize Transition Risk

■ *Requirement 3L.1 - Key Personnel. The Department reserves the right of prior approval for all named key personnel in the TPA's proposal. The Department also reserves the right of prior approval for any replacement of key personnel. The Department will provide the selected TPA thirty (30) days to find a satisfactory replacement for the position except in cases of flagrant violation of state or federal law or contractual terms. The Department reserves the right to interview any and all candidates for named key positions prior to approving the personnel.* ■

In proposal Section 6 (Personnel), Team Noridian provides two key personnel resumes, one for the position of *hawk-i* Project Manager, and one for the position of *hawk-i* Systems Manager. Our proposed Project Manager, Ms. ~~Missy Eilander, is the Operations Manager of Noridian's Des Moines, Iowa Medicare Operations and has many years of customer service experiences that will benefit the *hawk-i* contract~~ Sandy Aas, who is a Business Initiatives Lead in Fargo, and has substantial experience with implementation of new business opportunities. Her experience includes management of operations for the Iowa Medicaid Enterprise (IME) contract. Our proposed Systems Manager, Mr. Richard Chamberlin, currently works as Noridian's Lead Technical Analyst in its Iowa Medicaid Enterprise (IME) office. As we mentioned in Section 4A (Customer Service) when Team Noridian is awarded the *hawk-i* contract, efforts will begin immediately to replace Mr. Chamberlin in his current position with the IME. Team Noridian management has many qualified staff to draw from and will ensure that the IME is not negatively impacted. Additional corporate support will be brought in to assist when needed. Both of our proposed key personnel have experience with workload transitions, customer service, and project management, and we are extremely confident that they will provide for a smooth transition and meet the Department's approval.

Team Noridian acknowledges that the Department must approve all key personnel and that any changes to these two key personnel will require prior approval by the Department. We further understand that the Department

Team Noridian ADVANTAGE

- Years of experience administering contracts that necessitate the same or similar requirements as *hawk-i*

- Active participation in workgroups and demonstrated commitment to the Health Insurance Portability and Accountability Act and privacy and security regulations

- Established and clearly documented Business Contingency and Continuity Plan (BCCP and Systems and Data Security Plan (SDSP)

Other Requirements

Personnel

Team Noridian has selected highly qualified personnel to implement and operate the Healthy and Well Kids in Iowa *(hawk-i)* project. Our Project Manager, Ms. ~~Missy Eilander~~ Sandy Aas, has more than 20 years of healthcare experience and more than ~~11~~ four years of experience managing major projects. She is well-prepared to assume these duties. Ms. Aas was the Operations Manager for the Iowa Medicaid Core Contract and occasionally acted as the Account Manager overseeing all areas of the operations including the MMIS and OnBase systems. This required continuous and frequent communication with the other eight units and the Department. For the past ~~five years Ms. Eilander has managed Noridian's Provider Call Center, Written Inquiry, and Education teams at the Des Moines, Iowa, site~~ several years Ms. Aas has been in the forefront exploring and procuring new business opportunities for Noridian.

Mr. Richard Chamberlin, our Systems Manager, can provide the coordination, resource allocation, and clarity needed to implement and manage ongoing systems operations for the *hawk-i* project. He has an impressive technical background, project management experience, and the ability to clearly communicate technical concepts.

Our key personnel will be supported during the implementation by Mr. Ike Drake, the Implementation Manager. Mr. Drake has been involved in numerous government contracting assignments with Noridian over the last 20 years. He recently provided project management support for Noridian during the Iowa Medicaid Enterprise transition. He brings excellent project management, leadership, and communications skills to the project as well as years of development, transition, and conversion experience. A Quality Coordinator will also be assigned to the Transition Phase to ensure Team Noridian meets all of our performance and quality standards.

Noridian Administrative Systems, LLC (Noridian) will be assisted by our subcontractor, Infocrossing Healthcare Systems, Inc. (Infocrossing). Infocrossing will be responsible for supplying components of the Q/Care system and maintaining and enhancing that system. Infocrossing is one of the healthcare industry's most respected sources for healthcare Information Technology (IT) solutions and services in the Medicaid, Medicare, and commercial markets. In addition, Infocrossing has decades of experience in Medicaid administration, it is currently the Fiscal Agent for the State of Missouri where it provides support to all Medicaid members including the children enrolled in the MC+ for Kids SCHIP program. And, as shown below in the "Contracts" subsection, Noridian has played a significant role in the government health care arena including the administration of children's insurance programs for the State of North Dakota.

We believe we have assembled a formidable team. Our key personnel, transition team members and subcontractor are dedicated, knowledgeable, and through countless years of involvement in government programs, compassionate to the needs of the Medicaid and Medicare population. All share the belief that no child should be denied proper health care and
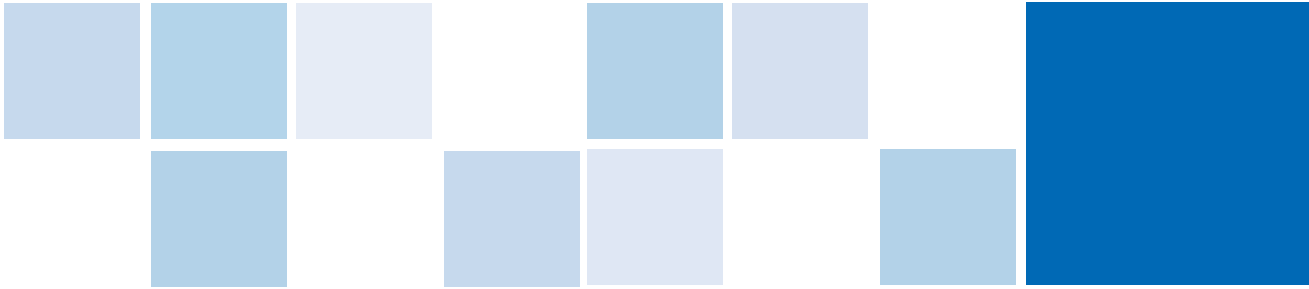
6
Personnel
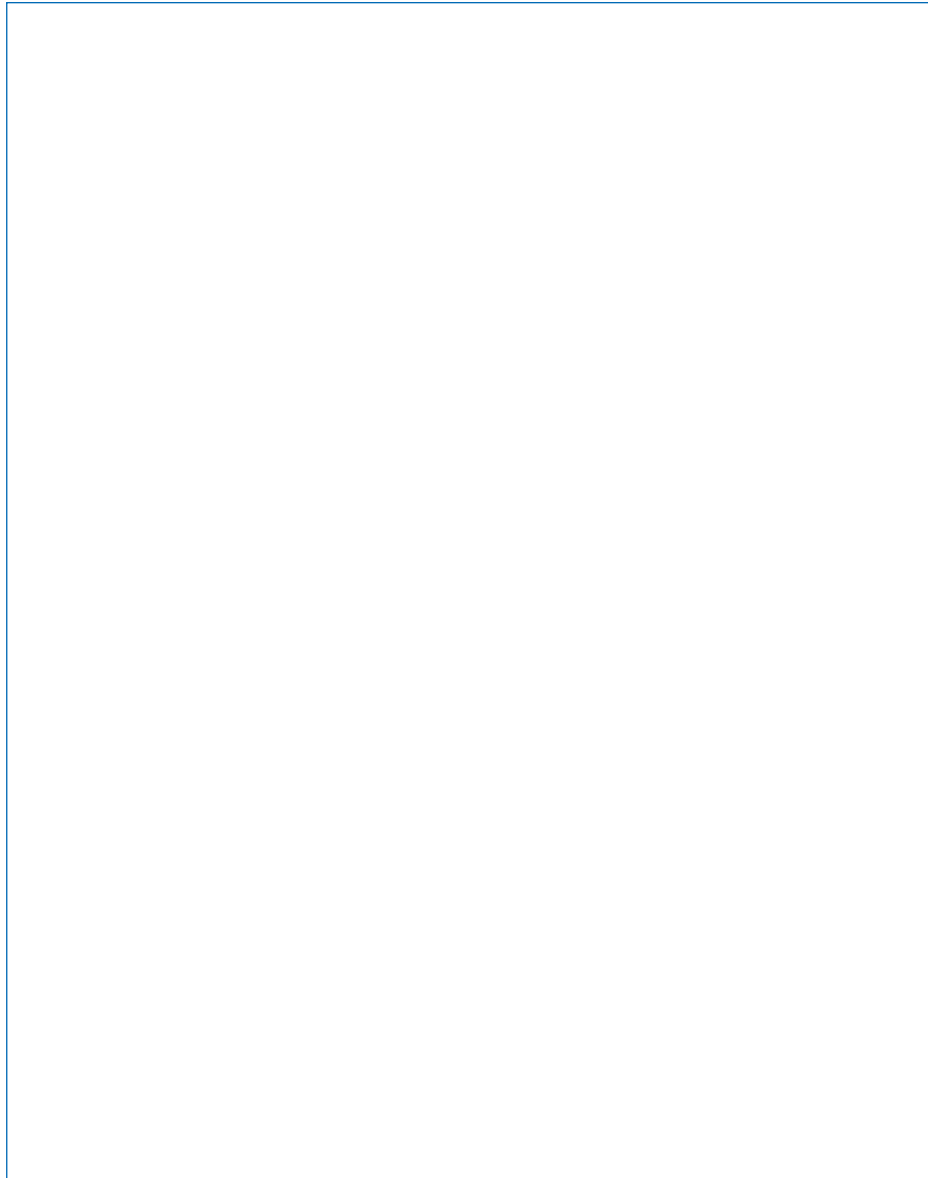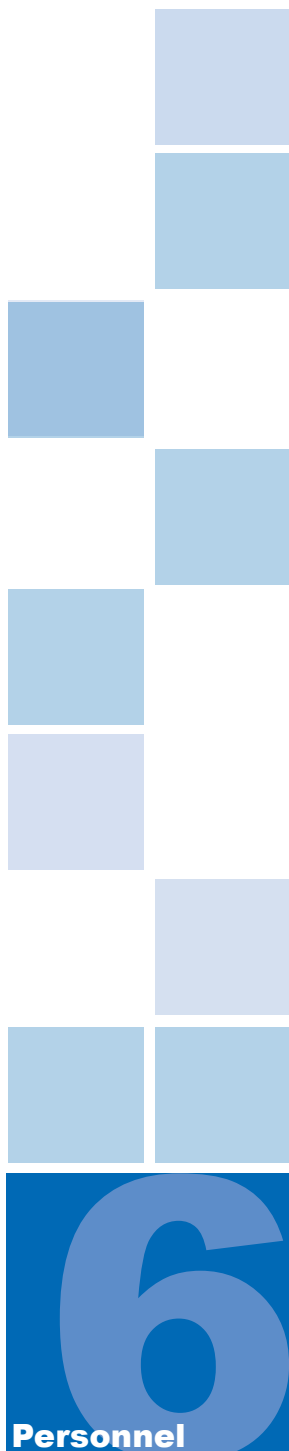
Our Key Personnel Resumes Show Years of Experience in the Healthcare Industry

■ *Requirement 4.2.8.2 – Provide resumes for all key personnel, including the project manager, who will be involved in providing the implementation and ongoing services contemplated by this RFP. The resumes must include: name, education, and years of experience and employment history, particularly as it relates to the scope of services specified herein.* ■

Resumes for our Project Manager and Systems Manager are provided on the following pages.

6

Personnel

Employment History

Technical Proposal - Healthy and Well Kids in Iowa *(hawk-i)* Program
Response to RFP FHWS-08-17

Work Experience

Technical Proposal - Healthy and Well Kids in Iowa *(hawk-i)* Program
Response to RFP FHWS-08-17